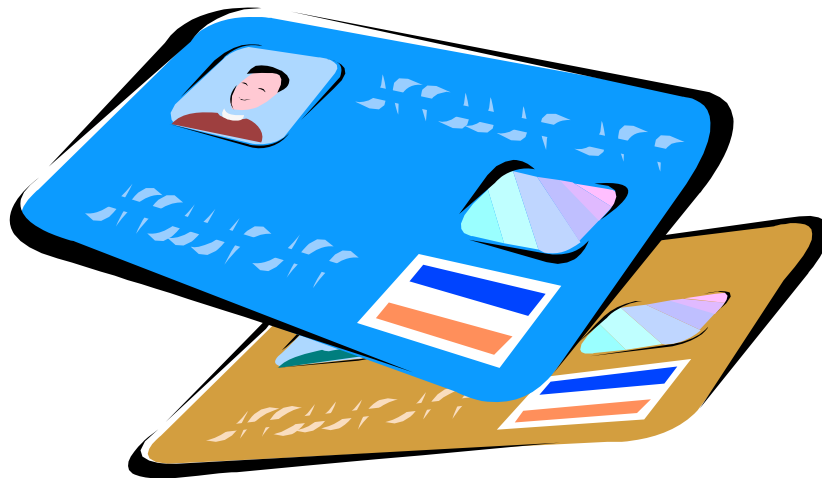


PURCHASING CARD USER MANUAL

September 2005



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Purchasing Card User Manual

Introduction

Welcome to the State of North Dakota's Purchasing Card Program. This user manual is designed to present the framework for implementing the program in your agency. It contains the hands-on detail that agency management and individual cardholders need to ensure the program works effectively.

The purchasing card program delegates the authority and capability of purchasing low dollar items directly to designated cardholders, allowing them to purchase goods and services faster and easier than before. The program authorizes the use of a purchasing card for individual transactions up to, and including, \$2,500. If additional amounts are required, contact OMB and they will review on an individual basis and make adjustments accordingly.

For purposes of defining the control hierarchies for the purchasing card program, each agency represents a "company". Consequently, each agency will be responsible for administering the purchasing card program at the agency level. In order to facilitate program implementation and provide for ongoing program administration, each agency should designate a person as the agency purchasing card administrator. (To help ensure the adequacy of internal control surrounding agency purchasing card programs, **the agency purchasing card administrator or authorized signer may not be a cardholder**. However, if agency size or other constraints make this unfeasible, the Office of Management and Budget (OMB) may assume card maintenance duties for an agency. Contact OMB for more information regarding card maintenance).

To get started on a purchasing card program in your agency, contact the statewide administrator at (701) 328-4904 or 328-2680. Additional contacts are listed in the back of this manual.

The official policies and procedures for the purchasing card program are included in the State Procurement Manual and in Policy 300 in the Fiscal and Administrative Policy Manual.

What is a Purchasing Card?

The purchasing card is a tool for agency employee use for making low dollar purchases for official agency business needs. It allows agency management to delegate authority to purchase low dollar items directly to designated cardholders. This delegation of authority will enable employees to purchase goods and services faster and more easily than before. Purchase requisitions/orders are no longer required prior to buying qualifying items. Instead, these low dollar items may be purchased using a VISA credit card issued in the name of the employee.

The purchasing card payment system is an individual bill/central payment system. The cardholder receives a monthly account statement for information and reconciliation purposes only. OMB obtains a consolidated electronic billing file and makes payment to

VISA on behalf of all cardholders. Expenditure transactions are processed through PeopleSoft and posted to the appropriate agency accounting records using the default accounting code string assigned to each purchasing card.

A purchasing card **IS**:

- Authority delegated by agency management to individual state employees.
- For official State of North Dakota use only.
- Authorized for small or low dollar purchases or larger purchases by request.
- Authorized for use with only certain categories of merchants.
- Authorized for purchase of items under state contract.
-

A purchasing card **IS NOT**:

- A means to avoid appropriate procurement or payment procedures.
- A means to access cash or credit.
- For use with interdepartmental billing (IDB).
- A right of employment.
- For personal use.

What are the Benefits of a Purchasing Card?

The purchasing card enables personnel to perform more effectively and focus on the value-added aspects of their jobs by:

- Eliminating purchasing delays.
- Reducing the number of requisitions and purchase orders.
- Reducing the number of invoices and invoicing problems.
- Reducing the number of checks issued.

Who are Likely Cardholders?

Because the purchasing card allows the cardholder to place orders directly with the supplier, the greatest program benefits are achieved when purchasing cards are issued to end users. Therefore, in addition to the traditional buyers (purchasing staff), other staff who should be issued purchasing cards are:

- Field staff and others in constant travel status, who may need emergency parts or supplies while on the road.
- Staff who routinely buy subscriptions and books.
- Program support staff who purchase supplies.
- Conference/trade show planners who may need to purchase supplies and equipment in other locations.
- Physical plant/maintenance staff.
- Mechanics, engineers.

How to Obtain a Purchasing Card

1. Contact the agency purchasing card administrator.
2. Complete a Purchasing Card Application and Use Agreement [SFN 52164](#). Employee participation must be approved by an authorized agency official.
3. Attend a training session (either group or individual session).

4. Complete the Cardholder Account Setup Form provided by ELAN and have it signed by an authorized agency official (contact OMB for accounting code and hierarchy information).
5. Submit completed paperwork to the agency purchasing card administrator.

Cardholder Credit Rating

The use of the purchasing card results in liability to the agency; not a personal liability for the cardholder. The cardholder's credit rating will not be affected. However, it is important to remember that the cardholder signs an agreement prior to receiving the purchasing card and as such, is responsible for any misuse of the purchasing card as outlined in this manual.

The ELAN Purchasing Card Program provides liability protection to the state once notification of any loss, theft, or fraudulent use is made. **However, the same level of liability protection does not apply to cards that are made available to multiple users. Therefore, only the person whose name appears on the card must use each purchasing card.**

Guidelines for Purchasing Card Use

The purchasing card is to be used to purchase low dollar value items. The following items cannot be purchased with a purchasing card without specific written permission:

- Insurance.
- Alcoholic beverages.
- Flowers/gifts.
- Ammunition/weapons.
- Leases.
- Legal services.
- Tax reportable services - 1099
(service with individuals, sole proprietorships, partnerships, estates and trusts, medical and legal services, consultants, engineers, etc.).
- Motor vehicles.
- Gasoline/fuel.
- Employee travel (lodging/meals).
- Entertainment/hospitality/food.

Note: Agency management may request from OMB, a waiver to remove the restriction on the purchase of the preceding items. The request can be submitted by email to the state P-card administrator with specifics as to the name of the cardholder, last 8-digits of card number, item(s) to be removed and an explanation of why the change is being requested. If the waiver is approved by OMB, an email will be returned stating the change has been approved and made. That email is to be attached to the appropriate Purchasing Card Application and Use Agreement.

Other exclusions

- Cash advances (ATM or other).
- Non-business/personal items.

Merchant Category Code Standards

All vendors are assigned a merchant category code (MCC) by their bank. The MCC standard for the state is the State Merchant Category Code Exclusion Standard. Attempting to buy from merchants that are excluded will cause the transaction to be denied.

Occasionally a bank may have wrongly assigned a vendor's MCC. If a transaction is rejected for an appropriate purchase, the agency purchasing card administrator should ask the vendor to check with their bank to request a code change, if necessary.

General Instructions for Card Use

Whenever you use your P-card for purchasing, give the vendor your purchasing card number and expiration date, or present the card at the point of sale. Tell the vendor that the state is exempt from sales tax. NOTE: The State of North Dakota's tax-exempt number is embossed on the third line of the card. If an item is needed on a recurring basis, and is available from multiple vendors in a given area, you must rotate the business so that a comparable amount of business is done with each vendor.

1. *If the transaction value is greater than \$2,500, use traditional purchasing procedures and follow your agency-established process.*
2. *If the transaction value is \$2,500 or less, use your best judgement and determine an appropriate vendor for the material desired (no competition required). For more information, see State Procurement Manual.*
3. *If the transaction value is greater than \$2,500, but less than – or equal to \$25,000 and the item(s) to be purchased are not from a state source of supply (see Chapter 5 of the State Procurement Manual). You must obtain at least three oral or written competitive quotations.*
4. *All printing over \$2,500 not done by Central Duplicating Services, must be submitted to the State Procurement Office using the online purchase request.*
5. *If the material is to be shipped or delivered, tell the vendor to enclose or mail a copy of the receipt/invoice with each shipment. Have the vendor mark it "Credit Card Order – Paid" to avoid duplicate payments. If the material is to be picked up, obtain the itemized receipt indicating the purchase price.*
6. *Retain the original receipts/invoices for reconciliation purposes and forward, along with the monthly Account Statement, to the applicable supervisor.*

Statement Verification

1. A monthly Account Statement will be sent directly to individual cardholders. (OMB obtains an electronic billing file for payment processing.)
2. It is the cardholder's responsibility to reconcile the monthly Account Statement with the receipts/invoices. If inaccuracies and/or erroneous information exist, the cardholder must immediately notify the agency purchasing card administrator.
3. Sign the monthly Account Statement and submit it with the receipts/invoices to the designated agency official for approval.

Vendor Does Not Accept Credit Cards

Not all vendors accept purchasing cards. If this happens:

- Choose another vendor who accepts VISA.
- Complete the transaction using traditional purchasing procedures.
- Ask the vendor if they are interested in accepting VISA. If yes, refer them to the agency purchasing card administrator.

Returns, Credits and Disputed Items

Individual cardholders are responsible for following up with the merchant or bank on any erroneous charges, disputed items, or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect dollar amounts, duplicate charges, credits not processed, as well as fraud and misuse.

If the cardholder has a problem with a purchased item or billing resulting from use of the purchasing card, the cardholder should first try to reach a resolution with the supplier. In most cases disputes can be resolved directly between the cardholder and the vendor.

Credits: Referring to the receipt/invoice, request the merchant place a credit on the card account.

Returns: A credit should be issued for any item that the vendor has approved for return. The credit will appear on a subsequent cardholder statement. Any returned item purchased with the purchasing card must be returned for credit. Do not accept a refund in cash or check.

Maintain on file all documentation of credits, returns, and exchanges.

Disputed Items: If the cardholder has a disputed charge and cannot reach resolution with the vendor, an Elan Commercial Card Billing Inquiry Form must be completed. Send the original form to Elan Financial Services and a copy to the agency purchasing card administrator. This form must be received by Elan within 60 days of the date that Elan sent the first statement showing the charge.

Purchasing Card Security

The purchasing card is to be treated with the same level of care that is afforded personal credit cards.

- Do not lend the purchasing card to anyone. The only person authorized to use the card is the person whose name appears on the front of the card and who completed the Purchasing Card Application and Use Agreement.
- Do not post or write the purchasing card account number in any location that is accessible to others.
- Use only secure web sites when sending the purchasing card account number over the Internet.

Reporting Lost or Stolen Cards

The cardholder must notify the agency purchasing card administrator and Elan immediately when a card is discovered lost or stolen. Report a lost or stolen card to Elan by calling 1-800-344-5696. This number is available 24 hours a day, 365 days a year.

Random Audits

Cardholder agencies, OMB, and the State Auditors Office may conduct random audits of purchasing card use. The primary purpose of the audit is to ensure that purchasing card program procedures are being followed and that:

- Purchasing volume appears reasonable.
- The purchasing card is being used for appropriate transactions.
- Supporting documentation is complete.

Failure to Comply with Program Guidelines

Any misuse of the purchasing card or other failure to comply with the applicable policies and procedures will result in the following:

- Revocation of the purchasing card.
- Appropriate disciplinary actions, which may include termination.
- Repayment of transactions resulting from personal use of the purchasing card. Repayment will include any applicable taxes.

Termination of Employment or Transfer to Another Division

If the cardholder's employment is terminated with the agency or if the cardholder transfers to another division within the agency, the cardholder must return the purchasing card to his/her supervisor. The supervisor is responsible for contacting the agency purchasing card administrator, who will cancel the card. Returned purchasing cards are not to be reissued to other employees for use. Before returning a canceled purchasing card, cut the card in half.

Key Contacts

The following resource persons are available to provide assistance, answer questions, or help solve any problems that arise:

Statewide Administrator: OMB –(701) 328-4904 or 328-2680

- To initiate an agency purchasing card program.
- For assistance with procurement policies and procedures.

Agency Purchasing Card Administrator

- To apply for a purchasing card.
- For questions concerning policies and procedures.
- To replace damaged cards.
- For assistance with suppliers.
- For account inquiries.
- For billing information.
- To report a lost or stolen card.

Elan Cardholder Customer Service – 1-800-393-3526

- For questions concerning monthly statements or authorization assistance.

To report a lost or stolen card – 1-800-344-5696.

To report fraud – 1-800-815-1405

PVS Net Support – 1-800-469-6578